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BULLETIN *of the* National Association of Credit Men

VOL. XXII FEBRUARY, 1920 No. 2

EDITORIALS

"CREDIT: A Monthly Magazine of Business Fundamentals"

PRESENT conditions undoubtedly call for a higher type of credit work than ever before.

The National Association of Credit Men has, during recent years, been rapidly increasing in size and in country-wide and international influence. This development is in response to the needs and ambitions of American credit men.

In order to keep pace with the development of the Association, the Bulletin must also grow in size and influence. Members have called for a publication that would truly reflect the expanding work of the Association and of its members. A representative special committee has studied the Bulletin problem; the entire membership was called upon to make suggestions.

Plans are now matured. With the April issue, the Bulletin doubles the size of its page, puts on a fresh cover and appears under the title of "CREDIT: A Monthly Magazine of Business Fundamentals."

Now "CREDIT" can do much to hasten the time when credit takes its rightful place among the professions. But no amount of energy in the editorial and advertising departments of the magazine will avail without the counsel and interest of the credit men of the country, as individuals and in association.

With such interest and counsel, "CREDIT" will typify the spirit of service, cooperation and progress of the National Association of Credit Men, and can become an industrial and professional magazine second to none in the United States.

Have YOU sent in YOUR suggestions as to how to make the new publication a success?

THE difficulty of replacement of all forms of wealth whether it be machinery, buildings or merchandise suggests a special reason for use and occupancy insurance, and this is particularly true in plants depending wholly or partly on machinery and equipment to keep going.

The destruction of its machinery, for instance, might put a concern out of business for two seasons because of the impossibility of getting new machinery or parts within reasonable time. Such a prolonged stoppage, during which overhead expense in maintaining one's organization intact goes on eating into capital resources, may be most serious. It is, indeed, conceivable, that the actual loss by fire was not great, but that the seriousness of it was due to the fact that the fire attacked the most vital part of the plant.

Again, it is clearly the duty of all owners of property to review their insurance and replacement value and make certain whether they have increased their insurance to keep pace with the rapid increase of replacement values of the last three years, for it is to be remembered that under the co-insurance clause the replacement value at the time of the fire is the determinant in figuring whether the property owner has fallen short of carrying full 80 per cent. insurance. Increases in value during the last four years are estimated at 60 per cent. for replacement of buildings, 80 per cent. for machinery and from 100 to 300 per cent. for merchandise including household furnishings.

To illustrate, we have the case of a church which was carrying $90,000 insurance on the 80 per cent. co-insurance clause. This called for a replacement value of, approximately, $115,000. A fire gutted the building causing a loss fixed upon by both parties in interest at $60,000; that is, $60,000 would be necessary to repair the damage under present replacement conditions. Since the insurance was taken out, the replacement value of the entire structure had risen to $240,000, therefore, under the 80 per cent. clause there should have been $192,000 insurance. In other words, the church had become a heavy coinsurer and the church trustees, because of their oversight, were entitled to receive from the insurance companies but $28,080, and to repair the damage the church members must themselves raise $31,920.

Could there be a better illustration of the necessity of going over our policies covering both business and personal effects to determine whether we have been keeping pace with replacement costs?

THE rediscount rates adopted January 22d by the Federal Reserve Board for New York, Boston and Philadelphia which follow increased rates made twice before during the last three months, should have profound significance for all business men. They must see that the need of more capital with which to transact business of all kinds is acute, that the financial institutions

of the country have about reached the limit of their resources and that from now on the capital of the nation must all go into enterprises, and those only that will produce further capital.

It is clear that every business should handle its affairs in such manner that resort to the reservoir of credit on which are so many serious drafts be as little as possible. Credit must be checked with the thought in mind: "Will it liquidate itself on the terms set out? Is my customer conservative in purchasing or is he speculating and piling up unnecessarily against continued shortage of goods? Is his inventory kept as low as reasonable working conditions permit? Is his present plant being utilized to the fullest extent under present conditions for production?"

This is not a time to build up fixed capital but a time when every business must earnestly strive to increase the sum of free capital that the necessary work of the nation may go on.

THE Bulletin earnestly commends to all members a careful reading of the statement of the Association's Tax Committee in this issue, on the importance of abolishing the Excess Profits Tax. It is hard to understand why this form of tax continues to be the law of the land in the face of charges of unfairness in the levy as between different forms of business and despite the declarations of those high in authority that the tendency of this form of tax is to repress that spirit of enterprise and pioneering for which there is quite as much need today as a generation ago.

We are inclined to measure the importance of such a matter as the Excess Profits Tax as we may offhand decide it immediately affects us, and perhaps most of us are not able to see any direct bearing of this tax upon our personal fortune. But credit men are keenly alive to the dangers of inflation and finding the Excess Profits Tax one of the causes of inflated costs, as so convincingly explained by the committee, they will be quick to act and throw their influence against the continuation of a measure which was, during the period of actual warfare, perhaps proper enough, but for which there is now no excuse because it exerts a positively dangerous influence upon the body social and political.

THE present association year is shorter by fifteen days than usual because the convention of 1920 is advanced from the middle of June to the first day of June. This means a loss of fifteen days for the making of membership gains and these fifteen days are an important consideration because so many associations are not thoroughly awake in membership work till it is almost time to close the books.

We have less than four months in which to secure a gain of over 4,000, if we are to take last year's record as a standard, instead of being content with the record of earlier years. The work set

before us, therefore, calls for spirit, for enthusiasm and for generalship, and it is hoped not a moment will be lost in organizing all the latent forces of the whole organization.

Equaling last year we shall be an association of nearly 35,000 on June 1 and will be fairly on the way toward a membership of 50,000 by 1925, our thirtieth annual convention year. The expected growth of the country and the importance of our subject to the welfare of its people warrants our fixing our eyes upon that splendid goal with all earnestness and confidence.

The Association a Stabilizing Force at Corpus Christi

The Bulletin is in receipt of a letter from Henry A. Hirshberg, manager of the San Antonio Credit Men's Association asking that a word of appreciation go out to the members of the National Association everywhere for the prompt and generous assistance rendered in the rehabilitation following the Corpus Christi storm of last December.

After this storm which wiped out many lives, and destroyed or damaged hundreds of business concerns, Mr. Hirschberg wired the National office urging the importance of sympathetic indulgence and active assistance for the distressed merchants. Every local association was at once requested to advise members not to act hastily, but to consult with the San Antonio association.

With the assurances of the National Association in hand Mr. Hirshberg was able to say to the merchants of Corpus Christi, called together in meeting, that there would be no occasion to hurry to the courts whether creditors or debtors, that help would undoubtedly come to worthy merchants if they would bravely meet the situation. The result was that confidence was quickly established, and Mr. Hirshberg does not know of a single bankruptcy case in the Corpus Christi district filed as a result of the storm.

There were two compromise settlements, which were entirely proper under the circumstances, but better results were obtained than could possibly have come through the course of bankruptcy. One was a settlement of 10 cents on the dollar, on $30,000 liabilities, where the debtor's business was practically wiped out, and the other a 30 cent settlement on $45,000 liabilities, a case in which 150 creditors were interested. All through there was a spirit of helpful cooperation induced by the action of the members of the National Association of Credit Men, and many expressions of good will and appreciation reached the merchants in the stricken zone, serving not a little to stiffen their backbone and infuse a new determination to work out from under their difficulties. The result has been a far quicker return to normal in the Corpus Christi district than could otherwise have been possible.

Some Timely and Pertinent Questions

Have your customers been strengthening their reserves during the last few years?

Have they been tying up increased profits in fixed form or have they now a larger, free working capital?

Have expenses of doing business and fixed charges outrun increased business volume and gross profits, or does your customer

show signs of having fallen to the easy-come, easy-go habit that has showed itself so unmistakably this last year?

Has advantage clearly been taken of the brisk business of the last few years to quicken turn-over of capital invested in accounts receivable?

Have your customers increased their insurance to measure up to increases in replacement value of all forms of property?

(Readers are asked to add to this list of "timely and pertinent questions.")

Inflation—The High Cost of Living—Our Responsibility Therefor

Daniel E. Crane, Macbeth Evans Glass Co., Pittsburgh, Pa.

Exaggerated ego is not one of the characteristics of the average dispenser of credit except at such times as he, in the midst of his ilk, is glorifying his past deeds of valor. At his desk and under the spell of those luminaries of the sales and other departments he is given to meekness of demeanor if not of thought. Therefore he will be greatly astounded to be told that his contribution to the high cost of living is not an inconsiderable one.

Every thoughtful—and that implies intelligent—person passing upon credits, in the broad sense of that term, should be today asking himself the question: In what degree am I contributing to the high cost of living? Assuming that the mental answer is a positive one, the further question should be put—In what way can I contribute to reduce that H. C. L.?

It would seem entirely in order at this time to take an intimate survey of our own house, aye, our own individual household, with the object in mind of abolishing extravagance, cultivating thrift and doing one's utmost toward encouraging production even if we cannot at the moment see where we can personally increase production.

It is very easy in such times as those we are passing through to shift the burden to the other foot and hurl anathemas at other members of society who, it is sad to admit, are greatly to blame for this unpleasant state of affairs, affecting as it does most intimately those in white collar occupations whose means of livelihood have not kept pace with the rising costs nor with the increase in wages of the labor group, the reason being that the only known over-production in the country today is of wearers of the white collar or aspirants to that lofty position and the averseness, on the other hand, of the mediocre office man or clerk to retrograde, as he thinks, to an improvement of his finances through manual labor, skilled or otherwise. To this he would probably later find himself far better fitted.

The dread of soiled hands and a flannel shirt would appear to have become an unwritten amendment to our Constitution.

"The labor we delight in physics pain" says Shakespeare in Macbeth. All this, however, please regard—as would our actor friends describe it—"an aside."

Yet, has not our reading and the the discussion of present day topics blinded us somewhat to the responsibility which is ours?

Is it not apparent that by thoughtful co-operation among ourselves and by intimate study of conditions in our immediate circle,

in the country at large and by adopting a broad gauge outlook upon world affairs we can reach and all contribute our bit toward that deflation which must ineviably be brought about.

Under the common assumption that our Dollar would purchase but one half of the commodities it did in 1914, we have perhaps quite correctly, yet without much thought, allowed the lines of credit given customers in general to be double. All very good if we have stopped at that, but have we?

Other elements beside the diminishing purchasing power of our Dollar have entered into the field.

There has been the exceedingly heavy export of our products which has reduced our supply at home.

The reduced supply is not being replenished by adequate and consistent production, due to short sighted policies of the labor element and others, upon which it is not our purpose to more than touch.

A still further factor enters the arena, largely psychological in character, and perhaps attributable to the release from the restraint of war conditions. A bursting of the shackles which held in check extravagance and speculation—at least in the necessaries of life—has led to a wild scramble after the diminishing supply and a consequent tendency to buy beyond ordinary requirements, this in turn leading to a hoarding of material, in any event to a removal of that material from the ordinary channels of distribution.

One of many cases might be cited and comparison made with your own experience along this line.

During October a customer from the East came to us with a complaint upon slow deliveries. It was his intention to overcome that trouble by ordering a carload of certain material, this would last him a year and he would not be worried in the meantime.

"Now," said we, "you have a just complaint and are entitled to every consideration. Still, do you think this the wise thing to do? Look at it this way. There are thousands and yet other thousands doing as you are doing and in the end they are but working injury upon themselves as well as upon millions of others. Each transaction of this kind is contributing to that inflation which we all so ardently desire to stop. Assuming, we will say, your requirements in a year's time to be $12,000, we will call these twelve units. Your normal turnover is four—therefore, your supply should not exceed three units or $3,000 (this being ideally true in times of short supply). By purchasing twelve units you are depriving some one or several of nine units and these nine might, while shelved or hoarded by you, have been at work or at least assisting elsewhere in the production of useful material. Aside from this view, which you must admit is a logical one, what is the effect upon the credit fabric?

"This, that you are needlessly tying up capital in the nine units for a period of nine months (less, of course, as the year rolls by and as the stock of material on your shelves or in ware house decreases) and, assuming that you are able to pay our bill in 30 days you have tied up $9,000 fruitlessly for at least nine months and must, whether you have borrowed the money or not, add to your cost the interest on $9,000 for the time the merchandise is not working. This means in turn that your ordinary cost has been increased

by that carrying charge of interest as well as by cost of additional insurance and other minor items. So, quite naturally, you add sufficient (plus a coefficient of safety) to your selling price and the ultimate consumer—you, if you please included—wonders where all these increases originate and why. The first fellow to blame them on, is the profiteer, poor chap, failing as we do to realize that, as Barrie in that beautiful play has one of the characters quote:

'The fault, dear Brutus, is not in our stars
But in ourselves, that we are underlings.'"

It may be interesting to note that the carload order was placed and passed and yet—after several days a letter from this customer advised us that he had changed his mind, the due consideration had led him, he was frank to admit, to believe we were correct. He did his bit by ordering the usual three months supply. The nine other units we were, or shall be able to distribute among at least nine other consumers.

So far we have in our treatment but considered the effect upon the consumer (ultimate perhaps). What transpires with the producer? Every effort by reason of the increase in orders is made to speed up production. Additional raw material must be obtained. It is remotely possible that some of this must be obtained through the man who bought a year's supply whose price therefore to us includes interest on his hoarded material plus insurance on the same plus coefficient of safety. This means increased cost of material so purchased. Then again additional labor must be put to work and that labor is, or has been of late, affected by the increased prices charged by our friend of the carload order and many others of his kind, consequently that labor cannot afford to work at the old wage and so on ad infinitum, to which add the psychological effect of a demand exceeding possible supply for the next four months or more. Result:—Raise the price.

It is needless and yet heart breaking to go into the ramifications and complications which each and every increase of price creates no matter where or how instituted.

Usually the figure of widening circles is called into play but in a talk before a Philadelphia association a short time ago I chose to liken the effect of the increases to that geometric figure, the involute, described as a continuing curve starting at the center. Think, if you choose, of the shell of a snail—with at the same time due regard to the movement of that animal, slow, but sure. The widening circles would not seem to have any connection each with the other, appearing quick and sudden, whereas virtually the action of price increases in a period of inflation is gradual yet sustained and continuing in character.

Now some there be, and many they are, who insist that our prosperity, as they choose to call it, is good for the next two or more years. Let us hope they are right.

But we should consider several things. The widening circles, as you remember after throwing a stone into the pond grow feebler as they pass outward so that at last you cannot perceive them.

Our involute or watch spring grows weaker as we go from the center to the outer end and, if so be the center is fastened, and we unduly stretch the spring something snaps.

May it please you further to consider that credit is based upon capital (leaving out the other C's which are hardly subject to inflation) and that capital has been stretched to the danger point and can hardly be expected to perform more unless additions are made to it through our individual savings and those effected through the fidelity to us as citizens of this great republic on the part of officials in whose hands we have placed vast sums of money for expenditure.

It is quite evident to many that the excess profits tax is responsible to a very large degree for corporate extravagance and a more equitable means of taxation, at least one not tempting those with large earnings to spend them in a reckless manner, should be found. It is our duty to give this subject of taxation very thoughtful consideration and help, where we can, by word or by letter to keep our legislative bodies aware of the fact that our eyes are upon them and that hearty co-operation will be theirs if they act sanely and severe criticism will be voiced if they do not.

The warnings of the Federal Reserve Board have primarily been against excessive speculation in securities of all kinds but a distinct warning has also gone out against speculation in merchandise. It is exactly here that the credit man or woman's duty is clear cut, viz to analyze customers orders to determine whether they represent current needs or are speculative in character.

Royal Meeker, Commissioner of Labor Statistics, head also of the bureau which collects information on the trend of prices, on January 4 declared himself in substance as not looking for any fall in prices. With this we did not agree at the time and it is my personal opinion that the disadvantage accruing to a few interests through the inflow of goods from foreign countries will be for the good of the greatest number. It will at least bring to their senses a large proportion of the so-called producers as they will begin to realize that it will require more than mere effort to compete with a low production plus an enormously depreciated exchange.

If a war stricken and starving Europe can, as was a fact recently, permit the exportation from Denmark of 156,480 pounds of butter, is it not likely that goods of which Europe stands less in need are coming and will be coming in increasing quantities to our shores? What will be the effect? Just the same as in the case of the butter import when wholesale prices dropped from 70 to 64½ per pound.

While in view of what has just been said that to follow would appear to be an anomaly, yet we must remember that no man liveth to himself alone and the same holds true to a nation. A little greater assimilation of the doctrine in Matthew 25th and the practice of it would in the long run make a still greater nation of us.

For the moment we must forget our personal comfort and lend a helping hand to Europe making our sacrifices here to bring our late allies and enemies as well back to a state approaching normal. The international memorial calling for a conference of the leading financiers and business men of the world recently published speaks volumes. Just one extract must absorb the attention of over prosperous America. "The cutlook at present is dark. No greater task is before us now than to devise means by which some measure of

hopefulness will re-enter the minds of the masses." We have, as it were, drawn a veil across our faces and refuse to consider conditions in Europe.

If we must descend from that purely altruistic humanitarian and shining pedestal of gold to the selfish, materialistic ground of clay let us not forget that we have loaned to European governments probably more than ten billion dollars and that we are for this one reason alone decidedly interested and concerned in the full rehabilitation of Europe and the maintenance or formation there of stable governments. It should also be remembered that but for English and other European capital sent to this side, at considerable risk also, we might not today have the network of railways over the broad expanse of our land.

Just a further thought. Importation of goods which we do not manufacture or upon which our manufacturing cost has risen too high should be encouraged so that opportunity will be given European customers through a reduction of their indebtness to us to take advantage of a diminishing premium on dollars to purchase needed raw material and supplies from us. No one will today deny the economic necessity for an extension of foreign trade (exports), though, by reason of well-known conditions, exports are diminishing.

While to the casual reader, if he has ventured thus far the writer would seem to have gone far afield his excuse is, that, in the general run of credit men he has found but few who, as students of current events—more particularly of world events—expend much thought upon the vast economic problems confronting us in this day and age, settling themselves back, rather in their chairs and saying "Oh we'll come out all right; nothing can hurt us."

In closing it may be entirely proper to revert to the subject which prompted these remarks, viz the credit grantors responsibility for the inflation, a synonym, if you choose of the H. C. L.

It must not be presumed that we are of a pessimistic turn of mind. Far from it. But it is wise to be a thoroughly conservative wide awake optimist and given to constructive thought and criticism. It is not advisable to bring about this deflation suddenly but we should face it squarely and put ourselves on record with our customers as favoring first, judicious buying; second, prompt settlement and third a gradual retirement of unduly expanded loans or lines of credit.

*1913 and 1919 Financially

In 1913 there was $3,390,000,000 in circulation in America.

In 1919 there is $5,709,000,000 in circulation.

In 1913 there were bank deposits to the amount of $12,678,000,000.

In 1919 there is $25,731,000,000 in deposits.

That's 68 per cent. increase of money in circulation and 103 per cent. increase in bank deposits.

And governmental statistics show that for the year 1919 we have produced just 10 per cent. more than we did in 1913.

In the year 1913, the last year before the war, and the year 1919, the first year after the war, production was on a peace basis.

*Detroit News

We are actually getting less goods for twice as much money as we did before the war. And the money is not being spent as it should be for necessities, but for luxuries.

The Blame for the High Cost of Money Is Chargeable to The Universal Effort to Get Something for Nothing

WHO IS TO BLAME FOR THE HIGH COST OF MONEY

"The meaning of the handwriting at Belshazzar's feast was not more clear than is that of the clouds which recently have gathered on the financial horizon. The orgy of spending and speculating in which the American people have been indulging since the close of the war has expanded the arteries of our credit system to the near-danger point," says A. E. Adams, president of the First National Bank of Youngstown, in the New York Tribune.

"To the immense increase in the outstanding credits and currency of the country made necessary by the war there now has been added a substantial volume called into existence by the riotous extravagance and almost unrestrained speculation of the post-war period, and the strain is on. The Federal Reserve banks, though still possessed of abundant reserve power to prevent disaster to essential business, are now so low in their reserves that further expansion in any substantial extent is impossible.

"To this, the outstanding fact of the present financial situation, critics of the Federal Reserve system will perhaps point as proof of the defectiveness of that system, but this is a mistake. It is rather and merely proof that, though the war may have changed many other things, it has not changed human nature. Always we have reached out as far as we honestly and fairly, if not always wisely, could reach out. In all probability we always will so reach out. And reaching out in these matters means expending credits.

"That the system has been expanded to its limit means then, not that the system lacks elasticity, but merely that we, the 'expanders,' do not know when to stop reaching out. The Federal Reserve system has more than lived up to expectations. It is, in fact, the best banking and currency system ever put into operation. It is elastic enough to meet every reasonable and proper need. It is sound, scientific and virtually incorruptible. But, no matter how elastic it might have been, we in time would have crowded it to the limit. We seldom or never curtail those activities which make for expansion until and unless we are obliged to do so. This for the reason that these activities are the natural and, when not carried to the extreme, the perfectly wholesome expression of our instinct to progress.

"Money is tight and is going to continue to be tight for some time to come. The tightness may even become so acute as to slow down some essential activities. This will inconvenience many people and embarrass a few, but it probably will not be calamitous to any one who has been conducting his business or personal affairs on a sound basis. In any case it is inevitable, and the sooner it is over the better.

"Furthermore, it is a needed lesson, and we will be better off for having had it. High prices, high wages, high profits and alluring prospects of even higher, such things have destroyed our sense of proportion. We are no longer content to work diligently, deny ourselves and, by saving in a modest way, accumulate slowly. We wish to get rich quickly. We wish to do little and have much. We wish to strive little and gain much. But, *as these things are inhibited by natural law,* we cannot realize them, and are merely borrowing trouble when we try. All the credit systems ever devised or dreamed of cannot make it possible for the human race to get something for nothing. We have been violating the natural law which inhibits this, and now we must pay the penalty. This may be unpleasant, but no other experience will restore our lost sense of proportion. So, like many another unpleasant happening, it will be beneficial.

"Another point to be remembered is that we have no one to blame for it but ourselves—no one. Some will say that the government is to blame, for it is generally believed, if not actually known, that the government has been influencing Federal Reserve banks in the matter of interest rates, and it is believed also that if the Federal Reserve banks had advanced interest rates some time ago the pinch would have been averted.

"It is, of course, true that if the Federal Reserve banks had advanced rates a few months ago some of the financing which has been done in the mean time would have been left undone, but the final result would have been the same. If such advances in rates had been very drastic they themselves would have caused a pinch. If merely nominal they would only have deferred it. The government may have taken a narrow view of the matter, though we cannot pass judgment on this, but whether it did or did not makes no difference. Nothing it either could have done or could have left undone would have affected the final result. We ourselves, and we alone, are to blame. The psychological reaction which took place after the signing of the armistice left us without poise and without self-control. It drugged the guardian of our instinct to reach out; and that instinct, running wild, has swept us swiftly to the end of our tether. If we are honest we will blame no one except ourselves.

"Now, what is the answer? Obviously there is but one. We must stand up and take the punishment we deserve. We can take it submissively and have it hurt little or we can take it rebelliously and have it hurt much. But we must take it. And this means that the Federal Reserve banks must maintain high interest rates; that all other banks must insist upon the reduction of loans for speculative and non-essential purposes; and that the business world and people generally must expect less and do more. Whether we like it or not, whether we wish it or not, there is no other answer."

Statement of the Position of the Association as Recommended by the Tax Committee of the National Association of Credit Men

Excess Profits Tax a Cause of High Costs and the Consumer in Truth Pays

Taxes have always been considered as one of the costs of doing business and that corporations so consider the Excess Profits Tax, is a fact that has come to be recognized generally.

The corporation in determining its selling price adds together the cost of raw material, the cost of doing business, the profit for the stockholders, and certainly, if there are heavy taxes to be paid, they must be considered, and included in the expense of conducting the business.

The amount of the tax or the percentage of profits the tax will take can not be determined in advance but sound business dictates that an estimate be made and that the estimate be on the safe side. This results in high selling prices, higher than necessary to cover taxes and normal profits. To quote from the 1919 report of the Secretary of Treasury:

> "Still more objectionable is the operation of the excess-profits tax in peace times. . . . In many instances it acts as a consumption tax, is added to the cost of production upon which profits are figured in determining prices and has been, and will, so long as it is maintained upon the statute books, continue to be, a material factor in the increased cost of living. . . . Uncertainty in respect to taxation during any given business period results in each taxpayer setting aside for taxes an ample margin to cover variations in the tax law which may affect him onerously and calculates his costs and prices on that basis."

Remove the tax from corporations and they would no longer be obliged to include it in the cost of doing business, and selling prices therefore could be lowered accordingly.

The people are fast coming to realize that the excess profits tax which was heralded as bearing heavily on the great corporations is in the last analysis a consumption tax, levied indirectly and paid by the consumers in increased prices for everything they buy.

To remedy this condition, we must go to the root of the evil, remove the cause, remove this cost of doing business and the cost will cease to be added to the selling price of goods.

No one will escape taxation but many who are now being taxed indirectly and unjustly through high prices of merchandise they need, will be relieved of this burden of the high cost of living.

The Excess Profits Tax—Some of Its Inequalities

The present system of taxation by which more than half of the money used for running the Government is raised, is a tax levied on the corporations of the country called an "Excess Profits Tax."

This tax is levied on present earnings but the rate of tax and the exemption is dependent on the invested capital as defined in the law and results in a tax on present earnings which discriminates between old established companies which have developed or built up a business and companies which have in recent years bought from someone else a business already established.

Let us analyze and see just what this thing is that we call a corporation and which plays such a part in the business of the Nation. A corporation is a group of individuals who associate themselves together in this form for the purpose of carrying on some business with the object of making a living. Capital is necessary for carrying on business or trade so if the men who organize a corporation have not money enough of their own to finance the business, they sell a share in the business to others which share in the business is represented by stock in the corporation.

As an example of how wide a distribution of stock there is in some of the large well-known corporations, we find that the Pennsylvania Railroad Company is owned by more than 100,000 people with an average investment of about $5,000. The United States Steel Corporation is owned by about 75,000 people who have an average investment in the company of about $7,000. The American Telephone and Telegraph Company is owned by more than 100,000 people whose average investment is about $4,000. And there are thousands of others that could be named, but this shows conclusively that when we speak of a corporation we are just speaking of a group of individuals who have an investment in the company and that company belongs to these individuals and the earnings of that corporation are their earnings, belonging to them just the same as the profit of the corner grocery belongs to John Smith who owns and runs it.

Among these individuals who own the corporations of the country are thousands of people of small means to whom the income from this investment means much indeed in providing the necessities of life. Many of these people have small incomes, of a size that does not make them liable for any income tax or if liable, to the normal tax only.

Under the present system of taxing the earnings of corporate investment, there has been no relation between the tax assessed against the income of the corporation (which income is the property of the stockholders) and the income and ability to pay of the individual stockholders (to whom in reality the income belongs and against whose income the tax is in reality assessed). Therefore, the percentage of tax paid by the corporation has in effect been a flat rate tax on the income of all stockholders both large and small (regardless of whether they may have a total income exceeding their exemption or not); and has not in any sense been assessed with regard to the individual's income and ability to pay.

The small stockholder has paid indirectly the same per cent. of tax with respect to his income from corporate investment as the large stockholder in the same enterprise.

Assistant Secretary of the Treasury Leffingwell in his testimony before the Ways and Means Committee in 1918, Page 56, says:

> ". . . But the graduated excess-profits tax, applied as it is to corporations, disregards that principle (income and ability to pay) and very often it taxes more heavily the small stockholder in a great corporation than the great stockholder in a relatively small corporation . . . the corporation is only an aggregation of individuals."

Page 68:

> "The people who really pay those taxes are the stockholders of the corporations; they may be few, they may be many."

The Supreme Court of the United States has said that

> "An incorporated company is an association of individuals, acting as a single person and by their corporate name:"

and again:

> "Private corporations are but associations of individuals united for some common purpose, and permitted by law to use a common name, and to change their members without a dissolution of the association." (U. S. vs. Trinidad Coal Company, 137 U. S. 160-1890).

The corporation has nothing that might be termed an enjoyable income. Its earnings or the earnings of the business are the property of, and belong to, its stockholders in proportion to their ownership of the total assets.

Corporations (to whom the excess profits tax applies exclusively) are owned by many people who have a varying interest in the business. To tax the business entity on its net income means that the income from each stockholder's share is taxed indirectly at a flat rate and without regard to his total income from all sources.

EXHIBIT 1

Compare three stockholders whose total income is from the earnings of the same corporation. "A" owns 3 per cent., "B" 30 per cent. and "C" 67 per cent. The corporation has a net income of $100,000.00 and distributes it all after paying a total tax of 30 per cent. According to their ownership of the corporation, their respective shares of the corporation's net income was "A" $3,000.00, "B" $30,000.00, "C" $67,000.00. Their share of corporation tax of 30 per cent. "A" $900.00, "B" $9,000.00, "C" $20,100.00. Using the rates in the present tax law, these three people, assuming them to be the heads of families, would pay personal income taxes in addition to the above as follows:

	"A"	"B"	"C"
	None	$800.00	$4,808.00
Making total tax of each stockholder..	$900.00	9,800.00	24,908.00
Per cent. of earnings of each paid in tax	30%	32.66%	37.17%

EXHIBIT 2

Under the present graduation of normal and surtaxes and assuming that there were no taxes assessed against the corporation but that its entire net income of $100,000 was distributed in dividends and that these dividends were made subject to normal tax, these individuals would pay on their income as follows:

	"A"	"B"	"C"
Amount	$40.00	3,890.00	15,270.00
Per cent. of tax to total income....	1.33%	13%	22.8%
Compared with Exhibit 1.........	30%	32.66%	37.17%

These are the respective amounts and percentage of tax they would pay were these three persons in a partnership instead of a corporation.

These exhibits show further the inequality to the small and medium size stockholder in corporations under the excess profits tax, for regardless of the amount of their total personal income, they are obliged to pay indirectly (through their share of the corporation tax) nearly as large a percentage of their total income in taxes as does the large stockholder receiving many times as much income from the same source.

The so-called excess profits tax is predicated on the principle that all profits over and above 8 per cent. on invested capital (as defined in the law) are inordinate or excessive profits; makes no distinction as to the nature of the business; assumes that a fair return on capital in one enterprise is a fair return on capital invested in another even though the nature of, and hazard of the two may be entirely different.

Assuming that 8 per cent. is a fair return on capital invested in a given line, say, in staples which are strictly necessities for which there is a steady uninterrupted demand, not subject to wide fluctuation, is it reasonable to say that the same return, 8 per cent., is fair and will attract capital to a hazardous business or one in which the element of uncertainty is ever present, such as developing an invention, or a new and unknown product or process?

Government bonds draw capital at much less than 8 per cent. but would capital invest in, say, the production of oil or metals (with the hazard of a dry hole or an unproductive mine) at the Government bond rate?

The country has grown to be what it is to-day because its citizens were courageous and were willing to back new enterprises and enter new fields, put their capital at building or developing something new and untried in the hope of extra returns.

If this return is to be denied them, will they venture in these hazardous enterprises and will the country as a whole benefit by this lack of development?

It can be said without fear of contradiction that capital will not venture for 8 per cent. and the country will suffer in consequence.

Invested Capital

Invested capital to a corporation means the money actually invested in the business. Under the definition in the present law, invested capital means something entirely different and generally very much less than the actual investment.

The allowance of an exemption of 8 per cent. on invested capital (as defined by the law) results in an actual exemption of anywhere from 2 per cent. to 8 per cent. on the money invested in the business, dependent upon the question of whether or not the company's capital accounts have been so kept as to fully reflect the value of its assets.

The rate of tax (or the bracket under which the corporation's income is taxed) is also dependent upon the invested capital.

To illustrate:

Jones & Co.

Capital invested in business	$500,000.00
Invested capital as defined by the law	250,000.00
Net income	100,000.00
Total income and excess profits tax	$ 32,660.00

Harris & Co.

Capital invested in business	$500,000.00
Invested capital	500,000.00
Net income	100,000.00
Total income and excess profits tax	$ 20.060.00

This shows a difference in tax of $12,600.00 based on a business with the same assets and the same net income. The exemption of Jones & Co. is 4 per cent. on the money invested in the business. The exemption of Harris & Co. is 8 per cent. $50,000.00 of the net income of Jones & Co. is taxed at 40 per cent.; none of the income of Harris & Co. comes under the 40 per cent. rate.

Jones & Company's total tax is 32.66 per cent. of the net income.

Harris & Company's total tax is 20.06 per cent of the net income.

Because the value of a corporation's assets is not the measure of invested capital, some companies not only do not get the full 8 per cent. exemption but are obliged to pay a tax at a higher rate than other companies who (possibly by chance) are so organized that their invested capital does reflect the full value of their assets.

Dr. T. S. Adams in testimony before the Ways and Means Committee in 1918, page 93, said:

> "In a great number of instances where a concern seems to have been earning 50 per cent. upon its capital in the pre-war period that is a misrepresentation of the usual state of affairs. What is happening is that its capital is not fairly stated."

Page 107:

> Take this group of corporations—that 10 per cent. of which the chairman speaks. Doubtless there are in that group a number of fortunate corporations which are well able to pay a heavy tax. But alongside of those are the others, the corporations with no war profits, which are slipping back. And you will also find in this group of 10 per cent., a large number of corporations who are there, not because they are fortunate but because they have not received a fair representation or measurement of their invested capital."

Page 109:

> "The situation is this: That along with some corporations which could stand higher rates, there are many which could not, which will pay the excess-profits tax not because their earnings are at a high rate, but because their capital is understated."

To quote from the 1919 report of the Secretary of the Treasury:

> "Still more objectionable is the operation of the excess profits tax in peace times. It encourages wasteful expenditures, puts a premium on over-capitalization and a penalty on brains, energy and enterprise, discourages new ventures, and confirms old ventures in their monopolies."

Partnerships

Under the present tax law the partnership and personal service corporation (which is in effect a partnership in corporate form)

is not taxed as an entity but for the purposes of the tax, is split into constituent parts, (the individuals who are associated together in the entity).

Therefore, the tax is applied on the income of the individual in proportion to his income and ability to pay and all the taxable income of this group of individuals, from whatever source derived, is taxed in the same manner as the similar income of all other individuals.

Under this method, individuals, partners and stockholders of personal service corporations are placed on a basis of absolute equality, being taxed on their total personal earnings and the earnings of their investment in direct proportion to their income and ability to pay.

Should a similar tax be levied on each individual share of corporate earnings then there would be a tax levied on all the income there is in the country. None would escape. Where this is approximated, the ideal in equality of taxation is approached and inequalities are reduced to the minimum. All of the income of the country received or produced by the group of citizens represented by partnerships, corporations and individuals would then be properly and equitably taxed.

What Sources of Revenue Should be Substituted

We have shown the absolute necessity (from a business standpoint) of the elimination of the Excess Profits Tax. In order to maintain the necessary federal revenue, some other source of income to the Government must be provided.

We submit for consideration the following as a substitute for the iniquitous and vicious Excess Profits Tax. Briefly stated it consists in taxing earnings of corporations in exactly the same manner as earnings of partnerships are now taxed with the single exception of permitting the corporation to retain a portion of its earnings for future capital requirements, such amount so retained to be taxed in the hands of the corporation.

Practical difficulties (with regard to guarding the interest of the general public investors in corporate stocks) present themselves when consideration is given to the subject of taxing as individuals the stockholders of corporations in general, on their full distributive share of the corporate net income.

It is a well recognized fact in business circles that a corporation can not be successful and progressive if it were to distribute year after year all of its net income in dividends without the addition of new capital. It requires for the uses of the business a variable amount of additional working capital which must be supplied by the stockholders either through the issue of new stock or by retaining in the business each year a portion of the earnings. It has become an established business custom for corporations to distribute in dividends only a portion of the earnings, retaining the balance in the business either to provide additional working capital or as a reserve against future lean years.

Should dividends be made subject to the normal tax in the hands of the individual stockholders, then the only income of the country which would be left untaxed would be the amount of the undistributed earnings of the corporations.

As it seems impractical to tax the individual stockholder on his share of these undistributed corporate earnings, we must turn to taxing the corporations on such undistributed earnings in order:

First: To provide the Government with the approximate amount of revenue that it would receive (as income tax from the individual stockholder) had all the corporation earnings been distributed:

Second: To equalize as nearly as may be the stockholders tax (by this indirect tax) with the amount of tax paid by the partners and the individual on their income.

This tax could be at a graduated rate with a nominal rate on that portion of the net income of the corporation (remaining undistributed) which does not exceed, say, 20 per cent. of its net income for the taxable year, the rate to increase as the percentage of the net income retained undistributed increases. This rate might be, for example, on that portion of the net income retained undistributed, and not in excess of 20 per cent. of net income, 20 per cent.

On that amount of net income remaining undistributed in excess of 20 per cent. and not in excess of 30 per cent. of net income, 30 per cent.

In excess of 30 per cent. and not in excess of 40 per cent. of net income, 40 per cent.

In excess of 40 per cent. and not in excess of 50 per cent. of net income, 50 per cent.

The foregoing rates to be applied with the stipulation that all corporations shall distribute in dividends not less than say, 50 per cent. of their net income.

Example for corporation retaining 50 per cent. of its net income undistributed:

Smith & Co.

Net income		$100,000.00
Cash dividend........................	$50,000.00	
Remaining undistributed 50% of net income	50,000.00	
		$100,000.00

Corporation pays tax on 20 per cent. on amount undistributed not exceeding 20 per cent. of net income.

20% on $20,000.00	$4,000.00
30% on 10,000.00	3,000.00
40% on 10,000.00	4,000.00
50% on 10,000.00	5,000.00
Total tax paid by corporation	$16,000.00

Stockholders pay personal income tax on $50,000.00.

Dividends declared from accumulated surplus (earnings of prior years) on which the corporation has paid the undistributed earnings tax, not to be considered as income to the individual stockholder. Dividends may not be paid from surplus until earnings of current year have first been used for that purpose.

Taxation of Income

Income Tax Laws in this country and in Europe have for years recognized the principle that the burden of Government expense should be borne by those who enjoy an income in amount more than

that required for the absolute necessities of life and that as the income increases, the rates of taxation should be stepped up in proportion as the ability to pay of the taxpayer increases, as in our present system.

What income should be enjoyed by the individual without the application of the tax is a question deserving careful thought. Probably the present exemptions are as fair and cause as little real hardship as any that might be arrived at.

Above the amount determined as an equitable exemption, the tax should, as far as possible, be laid on the entire net income of the country in proportion to the full taxable income either in hand or accrued, of the individual owning or having a right to such income.

The country has an estimated wealth of say, Three Hundred Billion. This national wealth is largely in the form of property. This property produces income which is the real liquid wealth of the country.

Should any one be taxed, say, 50 per cent. of the value of his property, he would be obliged to do one of two things; turn over the property itself to liquidate the tax (and the Government couldn't pay its bills with property) or sell it for cash to someone else and use the cash to pay his tax—(in which case, the purchaser would use income to buy the property with).

This could be done with a few individuals, but not with all individuals collectively for then everyone would have to sell property, and no one *could* buy:

So all taxes must be paid from the income of someone, and as the individuals of the country own all of the property of the country and either receive or own all the income of the country, they (the individuals) must in the last analysis pay all the taxes.

No matter what manner of tax is levied, be it a tax on property, property transfers, corporate profits luxuries, general sales or individual incomes, it must finally be paid from someone's individual income.

We have recognized the principle of taxing in proportion to income and ability to pay and it is impossible to carry this principle through in any other way than by directly taxing each individual on his individual income in proportion to his income and ability to pay.

Summary

We recommend for the reasons set out heretofore.

1. Elimination of the Excess Profits Tax.
2. Substitution of a corporation undistributed earnings tax at a graduated rate that will have a tendency to encourage payment of dividends.
   (a) Not less than say, 50 per cent. of net income for any year must be distributed in dividends.
   (b) Dividends paid from earnings of prior years on which the corporation has paid the undistributed earnings tax not to be considered as income to the individual stockholder. Dividends may not be paid from surplus until earnings of current year have first been used for that purpose.
3. Removal of the Corporation Income Tax.

4. Dividends to be subject to the normal tax in the hands of the individual.
5. Adjust rates of taxation on personal incomes (both normal and surtax) to meet the requirements of the budget. The suggestion is made that this adjustment be made principally with respect to incomes of less than one hundred thousand dollars.

The Cash Discount and the Trade Acceptance

J. H. Scales, Louisville, Kentucky

Referring to an article in a recent Bulletin (September) implying a criticism against a member "who says the Trade Acceptance tends to increase abuse of sales terms," I desire to submit the following arguments supporting the member's position.

The proposition as originally made by the seller was that he would give the customer, on a shipment made during August, September 1st dating due net in sixty days with the privilege of deducting cash discount of four per cent. for payment on September 10th.

The customer submitted a counter-proposition of taking the discount on September 10th, not by remitting cash but by giving a ninety day trade acceptance bearing six per cent. interest,—in other words, to postpone for forty days the ultimate date of payment and secure a net cash discount (after deducting interest charges) of two and one-half per cent.

I submit that the proposition of the customer is wrong in principle, financially unsound, expensive and burdensome in operation, without giving to the seller any of the advantages that cash discount settlements afford.

It is wrong in principle because the cash discount is a premium allowed for payment *in cash* (or its equivalent) within a given time. It is not a premium to be allowed for settlement with a trade acceptance or any form of promissory note, the payment of which is deferred, because such instruments are not the equivalent of cash—their conversion into cash being dependent for the most part upon the credit of the seller and his ability to negotiate them, and even with such facilities he still would be contingently liable for the amount involved until the acceptances would be paid.

This view of the question is abundantly proven by arguments appearing in the Bulletin from time to time,—*that the maturity of an acceptance should be coincident with the net maturity date of the invoice,* whereas the proposition of this buyer was to gain all the advantages of cash discount terms, to gain an additional forty days in the ultimate date for payment, and to throw upon the seller the greater part of the responsibility for converting the acceptance into cash.

The proposition is financially unsound because it vitiates the real purpose for which cash discount is offered. Instead of giving a quick "turnover" of capital, it prolongs it except through discounting facilities with increased contingent liabilities for the seller. It increases the credit risk through an extension of ultimate time of payment to one hundred instead of sixty days, and in all probability

calling for the sale of several bills which the customer would be owing at one time.

If the plan of taking acceptances in lieu of cash is "good business" because as has been suggested it "leads to the better observance of terms of sale," it naturally follows that a general adoption of such a plan would be desirable. In that event the following figures will serve to illustrate the result:—They can be adjusted to fit one's own business by dividing, doubling, quadrupling, etc., as the size of the business may require.

Most authorities agree that about 50 per cent. of sales are discounted. We will assume then an investment of Five Hundred Thousand Dollars with annual sales of Two Million Dollars, or a "turnover" every three months. Half the amount of three months' sales (Two Hundred and Fifty Thousand Dollars) that otherwise would be discounted, would be in the form of acceptances. In other words, the firm by adopting this policy would at all times hold fifty per cent. of its capital in the form of acceptances, which otherwise would come in in cash and start on another "turnover." But, it may be argued that the seller would have access to the discount market for his acceptances. We will assume he keeps two bank accounts, and that the combined capital of these banks is Two Million Dollars, which is a fair average. Even if he received cash instead of acceptances he likely would want additional credit, and for a healthy business, should borrow about Two Hundred Thousand Dollars. On this basis he has already used up the usual ten per cent. legal limit of his bankers and while it is claimed that acceptances can be used "without limit," does anyone pretend to believe that any bank or group of bankers would be willing to extend additional credit of nearly one-fourth their total resources to a single merchant? It would mean a total extension of credit of ninety per cent. of the firm's investment. There may be bankers who would extend such credit, but surely none who would claim the practice to be financially sound. Again, it is unsound because it would lead to tremendous inflation, which would mean the issuing of additional currency and most economists are agreed that this is one of the chief causes of the high cost of living. It also is unsound because it largely relieves the buyer from financing himself which he should do in his own community and can do if he properly represents it, and transfers the responsibility to the seller. The plan provides that the seller must not only finance the buyer but that he must use his own credit to the limit and become contingently liable on the buyer's obligations, but pay the buyer a premium for the privilege.

The plan is expensive because it involves increased detail and expense in providing forms, stationery, the conducting of correspondence, the proper recording, handling and rehandling of acceptances, none of which is experienced when cash discount terms that mean something are properly adhered to.

The buyer stated regarding his proposition, "we are doing this every day with other firms." Competition may occasionally cause one to resort to unwise and unsound practice, but surely it would not cause a right thinking jobber or manufacturer to depart so radically from unsound methods as are proposed in this instance.

The Bulletin has always advocated a conservative policy in

extending credit. Surely it has not given full consideration to this proposition or it would not have submitted it to its readers as being debatable.

The Great Service of the Adjustment Bureau

(AN ILLUSTRATION)

Two men, partners in business, operated two shoe stores in one of the suburban districts of Boston. During February of last year, finding that it was impossible for them longer to meet their obligations, they consulted with two or three of their largest creditors who brought the matter to the adjustment bureau of the Boston association with the result that an extension agreement calling for the payment of indebtedness by installments was executed between the debtors, creditors and the bureau as trustee. It took effect on February 14, 1919.

The total inventory was $17,000 and the indebtedness $12,800, all past due. Under the agreement, the trustee operated the stores with a debtor in charge in each store and made whatever purchases were necessary to keep the stock up. All the creditors came in under the agreement except a trust company holding a loan for $1,600. The trust company absolutely refused and demanded its money. Even under this additional loan burden the trustee was able to meet the $1,600 in notes as they matured and to pay 10 per cent. dividends to creditors in instalments practically each month. During the eleven months that the agreement was in force, the trustee purchased from creditors over $27,000 worth of shoes all of which was paid for and discounts taken advantage of. The stores have been handed back to the debtors with a better and larger stock than when they surrendered them to the committee, free and clear, and with their credit now firmly established.

It hardly seemed possible that all this could have been accomplished in practically eleven months but it was, and a great many other small businesses can be saved in a similar manner if creditors will but work together.

Mr. Whiting, secretary of the bureau, in writing of the matter states that he has another store carrying a stock of about $14,000 for which he is acting as trustee for creditors, in which dividends paid to date amount to 88 per cent., and the remaining 12 per cent. will be paid within the next six weeks or two months, and then the business turned back to the debtor. This second case has taken longer because the debtor has not given as effective cooperation as in the first case and it has not been so convenient for the trustee to keep closely in touch with the store.

THE ANNUAL CONVENTION

The 1920 convention of the National Association of Credit Men is to be held at Atlantic City, the opening session being on the afternoon of June 1 and the closing session Saturday morning, June 5. The convention proper will be held in the grand ballroom on the Steel Pier, while convention headquarters will probably be located in the Marlborough-Blenheim.

Business Service Department

Striking Results When Business Service Principles Are Applied

As we have taken great pride in that part of our credit work which is constructive, we cannot forego the extreme pleasure of reporting to the Bulletin, at least one case along the lines of business service, says a Chicago member.

"——— Co. of Chicago had been doing business with our house for several years and through the fact that our credit department had a lame back it found ——— Co. on its books for over seven thousand dollars, with no apparent tangible assets to meet the debt. This fact caused considerable worry to our people. After much discussion and hard feeling it was agreed that three members of ——— Co. would give to our company mortgages on each of their homes as security for the account.

"About this time, our president who leaned greatly to the sales end of the business saw the necessity of reorganizing his credit department. It was done, and the new credit manager had ——— company's account to handle among a number of others in which bad judgment had brought sad results. The new credit manager heard the story, and after looking up ——— company was informed that all competitors looked upon the members of the concern as a bunch of crooks, not worthy of credit and absolutely not to be depended on.

"At this time ——— company's account averaged three thousand per month, but they managed to clear up the previous month's business before the end of the following month, though not able to begin making payment on the old indebtedness of seven thousand dollars.

"The senior member of ——— company came in the office one day and looked the new credit man over, and was a bit incredulous. The credit man advised the gentleman he wished to meet him at ——— company's office, where he wanted ——— company to lay all its cards on the table face up, that if it played fair, a square deal could be assured.

"The credit man found the expected at ——— company's offices, that the officers were poor collectors, held considerable bad paper and had a poor bank connection. Suffice to say that in three months our credit man laid before his president releases on the three pieces of property and had them signed, and since that time (20 months) the account of ——— company has averaged $9,000 per month and every month bills are discounted.

"——— company has also since built its own warehouse and office, and the credit man has the pleasure of seeing his competitors (whose references have been referred to) attempting in vain to sell the customer whom he has set on his feet."

There was a co-partnership consisting of three brothers located in a small town in Arizona. Two of the brothers went into service

for the Government. While the account had been a satisfactory one to the member of the Association who recites the case he was disturbed one morning to learn that a party who had sold the partnership a stock of merchandise in the amount of $3,000 had served an attachment. In the co-partnership's financial statement there was no mention of this debt, and when the attachment was placed there was a question whether or not any forced action could be taken legally against the brother in charge of the business, owing to the fact that the two brothers were in service at the time.

Local creditors called a meeting and inasmuch as the figures obtained through an adjuster showed up a small surplus over liabilities the opinion was practically unanimous that an assignment should be made, but then, again, the question came up whether the assignment of the brother left in charge would be legal. As above stated, the account had been quite satisfactory up to the time of this difficulty all bills having been discounted; in fact our member's experience was that credit extended up to about $8,000 had never been abused and at the time of the meeting they owed our member $2,740.

It now appearing that the co-partnership could not pay out the creditors were anxious to take fifty cents on the dollar for their claims, but our member maintained that if the concern were given a fair chance it would pay out in full, this feeling coming out of faith established in the concern in the satisfactory years of business. This counsel prevailed and it was decided that the attaching creditor should receive his money first, in other words be given the preference. It later developed that it took only five or six months to pay out the attaching creditor and the balance of his creditors who were owed in the aggregate $10,000.

In addition to paying 100 cents on the dollar the partnership paid the expenses of the adjuster, interest on the amount involved and all other expenses incurred in handling its affairs. However, the creditors later met and agreed that in view of the splendid way this party had risen to his obligations some of the expenses should be remitted. To-day this concern is a good customer, discounting all bills and there is practically no limit to the amount it is able to get. And incidentally these brothers were Assyrians, two serving the government and the one left doing his best to protect their interests by firmly maintaining a high credit standing.

Shortly after the armistice was signed a six foot, well proportioned piece of humanity came into my office, says a New York credit man, direct from the middle west. He was flushed with the success he had attained but blushed with the consciousness of being in a tight hole. He explained that he had done a large business in goods used for war purposes and had a few carloads of them in transit, but owing to the armistice they had been refused. The people he bought goods from wanted their pound of flesh.

Under the conditions he was not able to meet his obligations and came to New York to see his creditors with an offer of compromise in order to avoid bankruptcy.

His statement of assets and liabilities showed that his principal indebtedness was to five leading houses, in addition to which he owed the banks considerable amounts. The rest of his indebtedness was scattered among fifty accounts in normal sums.

It took some time to quiet the man down. The credit man pointed out that since the banks were willing to extend their indebtedness, it would but take a visit to the few large accounts to offer a reasonable extension, which if granted would enable him to bridge over the situation and continue business with credit unimpaired because clearly there were assets enough to pay off and have considerable over if the right counsel prevailed. The advice also was given to pay off immediately the smaller debtors but not to visit any but the large accounts. The credit man assured him that so far as his house was concerned, he could have all the time he required and need not bother about settlements.

A week or two later this letter was received: "We are pleased to advise that the plan outlined by you was taken up in detail with the other accounts and met the approval of all. We assure you that your consideration is greatly appreciated." Two weeks later another letter was received, reading: "We are pleased to advise that we have reduced our indebtedness faster than we had expected. Within a short time we hope to have all the old accounts paid. Another remittance will be mailed shortly."

Within less time than had been expected this western customer was able to pay all concerns in full and is doing business under the high credit he formerly enjoyed. Clearly a little friendly advice and forbearance in this case saved a man from financial ruin and gave the house of the New York credit man a staunch friend.

A Message on Business Service to Every Credit MAN

The purpose of the Business Service Department of the Association is to keep before the minds of the members the importance of that part of their work which is, to help customers get on top of their financial problems. It is simply a department in which the Association tries to articulate the idea of constructive credits—the kind of credit granting that creates a bond of good-will between the house and the customer. *Are you a business service credit grantor?* Are you conscious all the while of the opportunity that is yours to bind your customers firmly to your house by helping them through direct suggestion or indirect inference to make their financial condition strong and keep themselves in liquid condition? Let the Business Service Department hear what you are attempting to do in this direction. Write its chairman, H. Uehlinger, Hilo Varnish Company, Brooklyn, N. Y.

The Credit Man's Diary Has Become an Indispensable Facility

From the B. F. GOODRICH RUBBER COMPANY

"The 1920 Diary which has just come to hand is a material improvement over the issue of 1919. It would seem as though the association had taken advantage of the fact that the war is over as

the paper is better and the general appearance of the book is superior in a great many particulars to its predecessor.

"This book on the desk of a credit man is invaluable and if read with any diligence cannot help but be beneficial to him.

"The Diary is materially improved by giving a half page instead of a page to each day, and it is the writer's opinion that even some of this space could be dispensed with; thereby, releasing a great many more pages for other items of more value."

From H. A. Stanton, Assistant Treasurer of the Norton Co.

"We have just received our copy of the Diary for 1920. It is even better than any of your previous efforts and we are exceedingly pleased with it. Our company has been a subscriber practically ever since you started to publish this book and this in itself is evidence enough as to how we feel about its value. The book has proved its worth many times over and we would not want to be without it in our credit department."

BREVITIES

Chas. W. Dupuis, president of the Cincinnati Association of Credit Men, has just been elevated to the presidency of the Citizens' National Bank, of which institution he had been vice-president.

The Robert Morris Club will hold its midseason meeting in Cleveland, February 20th and 21st. The Cleveland association has appointed strong committees upon whom is the duty of making all preparations giving every assurance that the delegates are to have a profitable as well as good time.

At Indiana University there has been arranged through the Indianapolis Association of Credit Men a course on credit which will be under the direct charge of James E. Moffatt, head of the Department of Economics at the university.

George W. Ryan, a leading member of the Pittsburgh Association of Credit Men has been made general agent of the Provident Life and Trust Company. He was introduced as such to his fellow members at a recent noonday luncheon, by his friend Col. James T. Porter.

Jerome R. Hewitt has resigned as secretary of the Baltimore association in order to do more justice to the bureau work of the association. He has been succeeded by Ira L. Morningstar of the Kingan Provision Co., who enters upon his secretarial duties this month.

The American Acceptance Council has issued a leaflet entitled "Trade Acceptance Users" containing over five hundred representative names from among the numerous users of the acceptance method in many lines of industry. The list has been divided into

thirty general lines, but the classifications are broad and actually more than one hundred departments of industry are represented.

In the October and December Bulletins appeared an article on "Determinants in Separating Safe From Unsafe Risks," credited to W. H. Graner, of the Hershey Chocolate Company, Hershey Pa. The name should have been W. H. Graver (not Graner). Mr. Graver has since associated himself with the American Credit Indemnity Company at Baltimore, Md.

A large paint manufacturer in the New York district writes that his house is continually pushing the trade acceptance among its customers and is meeting with splendid success. We believe, he says, that it will be only a short time when most of our accounts except, of course, those on the cash discount basis, will be settling with us with trade acceptances.

The annual conference of Ohio Associations of Credit Men will be held at Dayton, March 23d, in quarters provided by the National Cash Register Co. Considerable time will be given to the subject of "Credit Interchange," the conference on this subject being led by Wm. Tonks, who is head of the committee supervising changes in the credit interchange system of the National Association.

The members of the Providence association feel deeply the loss of one of their membership campaign captains, S. B. Howes, whose team has been one of the most successful in bringing about during the year enthusiasm for increase of members in Providence. Mr. Howes was a charter member of the organization and a member of the executive committee, whose going will be keenly felt by his fellow members.

Anything that E. H. Harriman had to say upon the subject of credits is interesting because he was one of the largest users of credit in the business world of his time. He says, "Borrowing means progress. A man should borrow. It is the only way he can get ahead. If firms do not need money, it is evident they are standing still. Credit not only brings expansion but it puts individuals and corporations on their metal to meet the obligations that spell advance."

The Montana Development Association has been successful in defeating the legislation recently enacted in Montana calling for the marking of cost prices on all merchandise. Through this association the legality of the statute was brought before the courts and the decision rendered that compulsory cost marking is unconstitutional. The Montana association performed a service for the business of the nation of high importance in this action.

The American Bankers' Association has determined upon Washington for its forty-sixth annual convention, the date being the week of October 18th. President Hawes feels that there are so many vital problems before the bankers of the country today that the entire convention must be devoted to strictly banking subjects,

so that every man shall go back to his work with a broader point of view as to his banking responsibilities than he had at the beginning of the convention.

The Lynchburg Association of Credit Men has organized a credit exchange and adjustment bureau, having taken over the bureau conducted by the Board of Trade of that city, all its members, its fixtures, and of course its good-will. As Secretary Davis writes nothing ever was done with less friction than the bringing about of this change and that the result should be to give the members of Lynchburg better facilities in the line of bureau service than they have ever enjoyed. The formalities of the passing of control from the Board of Trade to the Lynchburg organization were had on the evening of January 29th.

American Relief Warehouses in Warsaw, Hamburg, Vienna, Budapest and Prague are being stocked with commodities and necessities of life, which the American Bankers' Association has arranged that its members shall sell by means of "Food Drafts" sold to those desiring to help individuals and friends in the countries where these cities are located. The purchaser receives the draft to be mailed to the person he desires to assist and on its presentation the latter will be entitled to receive upon presentation of the draft, at the nearest central warehouse, food in the value of the draft based on prices in America plus freight. The plan has been approved by the state department and by the European countries concerned who will hold the contents of these relief warehouses free from requisition and will assist in the transportation and entry of all foods.

That there is a field for the discount company for the handling of acceptances is well established by the first annual report of the Discount Corporation of New York, which opened its doors for business January 2, 1919, and transacted during the year in bank and trade acceptances a total business of nearly $855,000,000. The nation's annual income is credited by authorities with an increase of from 36 to 70 billions of dollars in the last two years. The loans and discounts of our banks have practically doubled since the beginning of European hostilities. Due in part to the rise in prices of commodities, there has been an overpowering demand for the expansion of credit. The use of bank acceptances has undoubtedly been a factor of importance toward stabilizing the situation in conserving credit and in aiding in directing credit into essential channels. It is earnestly to be hoped that there will be a steady development of discount facilities and that our large money centers may provide at all times as good re-discount facilities as are to be had in any country.

Chairman J. S. Thomas of the Mercantile Agency Service Committee of the National Association writing to his committee on what the mercantile agencies have a right to expect from subscribers sums up the matter in these words: The mercantile agencies have a right to expect the subscriber to be a channel and not an obstacle in the service they are trying to render; to give the agency

reporters definite and complete details regarding the subjects of their inquiries; to furnish voluntary data concerning unfavorable experience they may have had with certain accounts. The subscriber should confide in the agency passing on to it the names given as references by the applicant for credit. The subscribers should realize that in co-operating with the agencies to the fullest extent, they are only serving their own best interests. In the present era of credit enlightenment there should not be any credit grantor whose policy it is to withhold unfavorable information in the hope of some other house extending the debtor credit, thus enabling the former to secure his money and close the account.

Association Notes

Albany

Francis B. Purdy of R. G. Dun & Co., spoke on conditions in Mexico, at the monthly luncheon in January. Mr. Purdy has been a close student of the affairs of our southern neighbor for a quarter of a century, and resided there over a period of five years. President Alexander McKensie, Jr., presided.

Bristol

At the regular meeting of the Bristol association, held in December, L. H. Wilson, who had been a delegate to the credit men's conference at Knoxville, made his report and congratulated his fellow members upon having secured this important conference for 1920. He declared that not only does the conference provide a remarkable opportunity for members to get together, but gives an opportunity to discuss matters of credit policy which are important in determining what course a credit department should adopt.

Evansville

The December meeting of the Evansville association heard an address by W. T. Miller, of the Bradstreet Company on "The Analysis of a Financial Statement." He presented a number of statements of concerns engaged in the same line but in different territories, and showed how local conditions bear upon the analysis of a statement. He also analyzed statements for the same territories but in different lines, and indicated from what a different point of view it is necessary to read them, in one line the turn-over being so much greater than in others and the terms shorter or longer.

The January meeting of the association was held in connection with the adjustment bureau stockholder's committee when the auditing committee gave its report. This meeting was addressed by D. M. Fairchild, of the Fairchild Audit Co., on "Income and Excess Profits Tax."

Green Bay

James S. Baley of the National Bank of the Republic of Chicago addressed the Green Bay association at its January meeting and pleaded that credit men get their houses in order to meet changed conditions in business. Mr. Baley declared that conditions to-day are similar in every way to those which have followed every war and the remedy can come only as every man meets the issue squarely, studies it and tries his best to remedy it. He showed that the retail prices during the Civil War increased 70 per cent., remained at that level for two years after the war, and had gone down about 20 per cent. by 1871, and normal prices were not reached for thirteen years. He stated that in his opinion the decline in prices would be gradual, though on account of the labor situation they would never go back to normal. He urged credit men to use caution, the retailers who had been wise in creating reserves should be favored on the wholesalers' books. He believed it would be a long time before exchange conditions

or other credit conditions abroad would permit any such great amount of shipping to Europe as has been witnessed during the last year.

Lansing

The Lansing Association of Credit Men starts its new year January 14th, with a membership of 33, which is within two of the quota set for it for the year ending June 1st. The meeting was the first under the administration of the newly elected president, W. C. Dudley, who announced his committees. The speaker of the evening was J. W. Haarer, of the City National Bank, whose subject was "Thrift." E. A. Boucher spoke on the subject "What can a credit man do for the improvement of retail merchandising, and what are his responsibilities in improving conditions in the retail field?" He described the practice of some firms which is to sell terms instead of goods.

Lexington

At the meeting of the Lexington Credit Men's Association held January 5th, Secretary Tregoe of the National Association spoke on "The Present Financial Conditions of the World, and the Outlook Upon the Future in the Credit Man's Work." Other speakers were J. W. Morrison and J. C. Hunt, of Lexington.

Louisville

At the meeting of the Louisville association held January 6th in connection with the Kentucky Credit Men's conference, Secretary Tregoe of the National Association declared that the credit men can best help the nation at this time by spreading abroad a knowledge of how sound credit relations can not be maintained. They can help by putting the curb on speculation, insisting on open accounts being kept in liquid condition, reproving the slow paying merchant in order that our credits may be clogged nowhere.

Other speakers were Prof. O. L. Reid, superintendent of public schools, A. B. Harris, president of the Louisville Credit Men's Association and J. W. Morrison of Lexington.

Mr. Reid in his address developed the importance of correspondence as an aid and instrument to the credit manager and outlined some of the distinguishing characteristics of good credit correspondence.

Memphis

The educational program of the Memphis association has proved to be an unqualified success, has attracted a growing attendance and steadily increasing interest. In December the subject was "The Income and Excess Profits Tax," handled by P. M. Canale; the January meeting "Abuses of Credit Courtesies" such as improper deduction of discount, non-payment of interest and return goods, this handled by E. N. Dietler. The February meeting discussed the subject of "Co-operation," under the direction of C. O. Finne, formerly president of the Memphis association.

J. W. Loch of the Memphis bar addressed the Memphis association on the income tax law at the December meeting. A new feature of the law this year, he said, is the granting of a wear and tear and depreciation from age. Corporations and firms will be allowed depreciation, as for instance, a truck which cost $5,000 may be depreciated $1,000 for each year.

Another speaker was E. B. Moran, field secretary of the National Association.

Muncie

The members of the Muncie association were the hosts at the Indiana State Credit Conference held on January 23d. There were present from Indianapolis 83 members, 23 from Ft. Wayne, 15 from Evansville, 12 from Terre Haute and 10 from South Bend, with other guests from cities which do not have local associations. A permanent organization of the council was perfected with John C. Rugenstein of Indianapolis

chairman, W. H. Goddard of Muncie, vice-chairman and Chas. E. Parker of Terre Haute, secretary.

The morning and afternoon sessions were presided over by F. D. Rose of the Union National Bank of Muncie. Dr. Carl L. Mees, president-emeritus of the Rose Polytechnic Institute opened the first discussion, the subject of which was "Abnormally High Prices—Economic Causes." Shortage of production and profiteering were cited as the most prominent causes in the present high cost situation. Frank B. Bernard spoke on "Credit Disturbances; Their Causes and Their Prevention." He went into the causes of the panics of 1812, 1837, 1857 and 1873. The panics of 1893 and 1907, he said, were of a financial nature. In the latter case many watered stock companies had been formed, and in the financial house cleaning conducted under the Roosevelt administration the insurance companies and others were caught and forced to re-organize, and credit and confidence received in the process a considerable shock. He declared that a new spirit exists in business wherein one man helps the other, that reconstruction of business is the challenge of the hour and that the Association of Credit Men must necessarily answer the challenge.

F. G. Landengerber of Ft. Wayne spoke on "Signs of a Failing Account" and charged credit men with being responsible for many business failures because they do not co-operate with the dealer and often lead him into unwise transactions. H. W. Voss of Evansville went into the subject of "Interchange of Credit Information;" Joseph A. Kebler of Indianapolis on "The Speculation which characterized 1919" and C. K. Kuehne of South Bend on "The Heavy Cost Borne Annually by the Nation Through Avoidable Fires."

New York

Under the auspicies of the Credit Education Committee of the New York association, the January meeting was devoted to "Americanization." Those addressing the meeting were, Frances A. Kellor, associate manager of the Inter-Racial Council, whose subject was "The Inside of Bolshevism" and Richard A. Waldo, business manager of the American Association of Foreign Language Newspapers. His subject was "The Emigrant and the High Cost of Living."

Parkersburg

The Parkersburg-Marietta association held one of its best meetings of the year last month, when H. E. Hodges, superintendent of schools, spoke on "Character, What It Means to the Business Man of To-day" and H. O. Hiteshew, of Krepps, Russell & Hiteshew, on "Thrift and Production—How It May Benefit Us Locally and Nationally."

Pittsburgh

W. S. Van Dyke, vice-president of the Real Estate Trust Co., addressed the January 22d luncheon of the Pittsburgh association on the subject of "Thrift." He pointed out that unfortunately the spirit of the times is to get the limit out of everything for our own selfish purposes. Answering what thrift is, he assured all that if it is pursued with an unselfish motive, making the best use of mind and soul, thrift will enrich life. Incidentally, he urged that public sentiment demand a proper wage for our school teachers who are doing for the community inestimable service.

Portland

The January meeting of the Portland association was addressed by Frank B. Riley who told of his work throughout the country in developing tourist and commercial interest in Portland and the great Northwest. Wm. B. Layton and Chas. H. Hill followed, presenting in a novel way the wrong method used by merchants and taught in the schools "To Figure Profit and Loss."

St. Louis

President C. R. Burnett and Secretary Tregoe of the National Association were the guests of the St. Louis organization at the City Club on January 23d. Mr. Burnett declared that the government must take its hands off industry, that there must be discontinuance of interference of

governmental theorists, who to a large degree, are responsible for the present unrest. Another speaker was Brodie Hamilton of the Rice—Stix Dry Goods Co., who spoke on "Present Credit Conditions."

Savannah

The Savannah association promised its co-operation at the January meeting to the Board of Trade and other commercial organizations of Savannah in securing the necessary monies for the establishment of a traffic bureau. J. J. Higgins, the newly elected president, presided at the meeting for the first time, and expressed the hope that he would be able to secure as cordial co-operation in carrying on the Association's work as had retiring president H. A. Butterfield.

Springfield

The Springfield association is now to be known as the Western Massachusetts Association of Credit Men, the change being duly made at the January meeting. The January meeting also formally launched a membership drive, as a result of which it is hoped to bring Springfield up to a membership of 135.

A speaker at this meeting was E. S. Boteler, president of the New York Credit Men's Association who declared that the work of the credit men's associations throughout the country entitle them to demand the support of every substantial business house in the country. He declared that the organization is constantly working to defeat insidious enemies which threaten harm to our credit system, that organization and public sentiment are the two great weapons with which to combat these evils, and that it is the obligation of all to get on the inside and play the game with the team.

Another speaker was William Walker Orr, editor of the Association's publications. Mr. Orr referred to the service being rendered to credits by credit interchange bureaus which were in marked contrast, he declared, to the credit service of the old days when credits were checked by hunches, a system or lack of it which brought losses in bunches. He spoke, also, of the special need right now of adequate fire protection on account of the increased cost of replacement of buildings, merchandise and machinery.

Utica

Chas D. West of the prosecution department of the National Association addressed the Utica association on January 14th. The members heard from Mr. West direct a remarkable story of the uncovering of commercial fraud and the prosecution of the offenders. For credit men who make dickers with crooks he spoke in contempt and scorn. He declared that the department was not a collection department, but was purely for the prosecution and conviction of fraud cases.

Membership Department

B. C. McQuesten, Manager.

Using a numerical classification, the associations of the national family may be divided into three divisions as follows: Those numbering 400, or more, members; those from 150 to 400; and those with a membership under 150. Following is a diagram showing the membership record of the 19 associations comprising the first division of this grouping. It will be noted that the gains and losses, and standing according to membership, for last year and the first eight months of this year, are shown. We are devoting our space in the Bulletin, this month, to the message conveyed by this diagram. It is planned to present data relative to the other two divisions in subsequent issues. Diagram is as follows:

RECORD OF ASSOCIATIONS SHOWING A MEMBERSHIP OF 400, OR OVER, JUNE 1, 1919; FOR THE YEAR OF JUNE 1, 1918 TO JUNE 1, 1919.

		Members June 1, '18	Added	Resigned	Members June 1, '19	Net Gain
1	New York	1867	1687	120	3434	1567
2	Chicago	2104	885	242	2747	643
3	Cleveland	1105	208	85	1228	123
4	Pittsburgh	1046	313	133	1226	180
5	St. Louis	1009	193	141	1061	52
6	Philadelphia	905	176	53	1028	123
7	Boston	771	124	29	866	95
8	Los Angeles	695	165	53	807	112
9	Seattle	341	413	31	723	382
10	Baltimore	580	168	42	706	126
11	Detroit	505	228	52	681	176
12	Milwaukee	586	77	73	590	4
13	Cincinnati	443	131	59	515	72
14	Kansas City	507	69	84	492	(Loss) 15
15	Newark	426	77	21	482	56
16	San Francisco	273	207	13	467	194
17	Indianapolis	404	57	6	455	51
18	Minneapolis	410	78	40	448	38
19	Buffalo	407	110	90	427	20
	Total	14384	5366	1367	18383	3999
	All Other Associations					917
	Net Gain (Entire Association)					4916

RECORD OF SAME ASSOCIATIONS FOR FIRST EIGHT MONTHS OF CURRENT YEAR (JUNE 1, 1919 TO FEBRUARY 1, 1920).

		Members June 1, '19	Added	Resigned	Members Feb. 1, '20	Net Gain	Net Loss
1	New York	3434	151	81	3504	70	
2	Chicago	2747	153	84	2816	69	
3	Cleveland	1228	57	23	1262	34	
4	Philadelphia	1028	159	52	1135	107	
5	Pittsburgh	1226	29	160	1095		131
6	St. Louis	1061	35	44	1052		9
7	Boston	866	90	18	938	72	
8	Los Angeles	807	33	69	771		36
9	Detroit	681	118	38	761	80	
10	Seattle	723	46	53	716		7
11	Baltimore	706	72	63	715*	9	
12	Milwaukee	590	12	11	591	1	
13	Cincinnati	515	12	4	523	8	
14	Kansas City	492	36	16	512	20	
15	Minneapolis	448	65	12	501	53	
16	San Francisco	467	59	34	492	25	
17	Newark	482	7	32	457		25
18	Buffalo	427	27	4	450	23	
19	Indianapolis	455	44	67	432		23
	Total	18383	1205	865	18723	340	
	All Other Associations					515	
	Net Gain (Entire Association) Feb. 1, 1920.					855	

Exporters' Encyclopedia

There has just come to our desk the new edition of the Exporters' Encyclopedia 1919-1920, (Exporters Encyclopedia Company, New York City).

The importance of this shipping guide needs no emphasis for the old exporter. For years he has looked upon it as the one indispensable guide on all matters pertaining to exporting. A new edition is doubly welcome at a time like the present, when changes in shipping routes, custom regulations and other matters affecting exporting render old guides obsolete.

The editors of the Encyclopedia, realizing the value of up-to-the-minute information, issue corrections monthly in the Exporters' Review, which every subscriber to the Encyclopedia receives.

The Bulletin is glad to call this new edition to the attention of exporters and particularly to those manufacturers, who with the expansion of their business, are contemplating entering the export field.

Information Wanted

Gould Almond Company, 1777 Broadway, New York City. This man is believed to move from one city to another buying almonds, salting them and selling them in small packages. He is thought to have an automobile with signs advertising goods and usually peddles the goods on the principal business streets from his car.

H. M. Peck. Claims to be an automobile accessory salesman. Issues checks on a White Plains, N. Y., bank and represents himself to be connected with the Guarantee Tire Co. of that city.

Sidney or Sigfred Palm. Supposed to be a deserter from the Russian army and operated at Opstad, Minn. It will be well for members to be on the lookout for this party. Is described as short, heavy set, sandy complexion and light reddish hair. Although he is a Jew, he can easily pass as a Norwegian or a Swede. After having shipped away his merchandise he disappeared deserting his wife and is supposed to have drifted to the East.

Addresses Wanted

D. T. Adams, painting contractor. Former address, 1405 Locust Street, Kansas City, Mo.

W. G. Amor, former address, care of Country Club, Hollywood, Cal.

Samuel Barrett, formerly of 1064 Rogers Avenue, Brooklyn, N. Y. Believed to be located in Connecticut.

Bayard Bigelow, who formerly operated as the Bigelow Products Co. of Buffalo, N. Y., removing to Springfield, N. Y. and later to Richmond Hill, N. Y. Is now supposed to be somewhere in the vicinity of Jacksonville, Fla.

Elias N. Cory, formerly located at Wrightstown, N. J. Understood now to be in the export business in New York City.

H. J. Faris, ordered goods as manager of the Allison Hotel in Niles, O., and has now disappeared.

F. A. Henderson, up to the middle of 1919 was employed in San Francisco as an adjuster and salesman by the Samson Tire & Rubber Corporation of Compton, Cal. Last known address, 204 South Elmwood Avenue, Oak Park, Ill. May be in Minneapolis or Duluth, Minn.

Ralph Jacobus, formerly salesman for N. K. Fairbanks Co., St. Louis, and now said to be in Indianapolis, Ind.

W. W. Johnston, supposed to be employed by the United States Government in some ship yard.

R. C. Kendall Company, 749 First National Bank Bldg., Chicago, Ill.

Mrs. J. Madigan, formerly at 1340 Fourth Avenue, Huntington, W. Va.

Miles Mahan, Lemmon, S. D.

Nick Loizos, formerly of Waynesboro, Penn.

Saul Pearl, formerly employed as a salesman by a cotton goods house. Last known address, 132 W. 112th Street, New York City.

S. D. Sullivan, paint contractor, formerly Hope, Ark., PARIS, TEXAS, TAKE NOTICE!

H. A. Wilson, proprietor of Wilson Ice Cream Co., Parsons, Kan.

WANTS

A THOROUGHLY EXPERIENCED DEPARTMENT STORE CREDIT MAN, with a thorough practical knowledge of accounting, desires to make a change. He can furnish highest class of references and credentials as to character and capacity. Address ADVERTISEMENT No. 490.

A LARGE WHOLESALE GROCERY HOUSE in a southeastern state desires to get in touch with a credit man who has a fair knowledge of the grocery business. Applications should be sent to ADVERTISEMENT No. 491.

EXECUTIVE—CREDITS, COLLECTIONS AND ACCOUNTANT, seeks change. Now employed by one of the largest manufacturing industries in the country. Age 34. Family. Salary commensurate Address ADVERTISEMENT No. 492.

ACCOUNTANT AND CREDIT MAN wishes position as credit manager having had eight years' experience in charge of accounting and credits with a large concern. Age 34. Address ADVERTISEMENT No. 493.

CREDIT, COLLECTION AND OFFICE MANAGER of fourteen years' experience with two of the very largest manufacturing corporations in the United States, desires more extensive opportunity. With present employer have phenomenal credit-loss record of 1-15th of 1 per cent. over a period of three years. Exceptional references. Salary $3,000. Age 31. Married. Address ADVERTISEMENT No. 494.

POSITION wanted by a married man, aged 30, now employed in the Pittsburgh district as Auditor and Credit Manager of a large Wholesale Paper House but desirous of locating in New York City with good reliable firm where hard work and ability will be appreciated. Have been in this line of work for eleven years and have had a wide experience. Able to positively produce results. Best of references. Address ADVERTISEMENT No. 495.

CREDIT AND COLLECTION MAN, office manager of concern doing a business of two million dollars yearly, is open for connection as executive or assistant to a big executive under whom he can broaden out. Age 29, married, with present firm 9 years. Can furnish exceptional endorsement from employers as to integrity, ability and reliability. At present head of office containing fifty people, in sole control of credits, correspondence, and other divisions exclusive of the sales and purchases, have earned the confidence of the firm by past record. No objection to locating outside of New York. Further information or detail upon request. Address I. W. care of National Association of Credit Men.

AMERICAN, COLLEGE MAN, 28, married, fluent knowledge French, Spanish, German, some Portuguese and Italian, eight years' experience in the wholesale and retail shoe business with unquestionable record as credit and collection man, seeks connection as credit man. Highest references. Available March 1, 1920. Address ADVERTISEMENT No. 496.

WANTED: A HIGH GRADE CREDIT MAN, preferably one who has had experience in wholesale grocery credits. State experience, give references, and address Lang & Co., Portland, Oregon.

Are you responsible for the credits of your house?

Then you ought to know

that in 1919—

1. Several states changed their laws with reference to reports to be filed and taxes to be paid by foreign corporations.

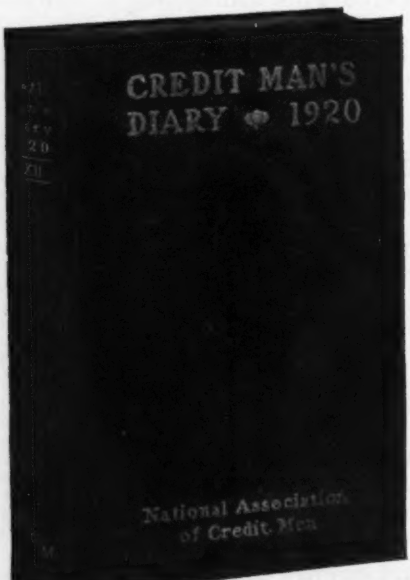
2. One state for the first time permits a married woman to convey real estate directly to her husband and vice versa. The emancipation of women is working havoc with man-made statutes.

3. The legal contractual rate of interest has changed in important jurisdictions. The usurious contract is void almost everywhere.

4. New moratorium laws affecting debts owed by discharged soldiers and sailors were passed by a number of our legislatures.

Some Questions????

Do you know where these changes have occurred?
Shouldn't you know?
What is the limitation upon corporations in giving endorsements and guarantees?
What states permit the bank to charge an acceptance directly to acceptor's account, without special authorization?
What constitutes the acceptance of an order?
What is the effect of the phrase "in full of account" on a check?
What is the law governing contract by mail or telegraph?



The
Credit Man's Diary
For 1920

Answers these and a thousand other credit questions concisely, clearly and in the language of the layman.

FIRESTONE TIRE & RUBBER COMPANY

"Firestone"

AKRON, OHIO, U.S.A.

CABLE ADDRESS "FIRESTONE"

HKD:438. Akron, Ohio. Jan. 6, 1920.

National Association of Credit Men,
41 Park Row,
New York City.

Gentlemen:- Attention: Mr. Wm. Walker Orr,
Assistant Secretary.

Our Librarian has been requested to place an order with you for approximately one hundred copies of the "Credit Man's Diary - 1920". This will provide a Diary for the use of the Credit Department at each of our sixty-five Branches, for our entire staff of District Credit Managers, as well as for our Division Credit Managers, located at Akron.

It is essential that the Credit Man not only have a thorough knowledge of Business Law, but that he keeps up to date on this important subject. We know of no better way for him to accomplish this, than by having at hand the "Credit Man's Diary", for his ready reference and constant guidance. Our Credit Men place a high valuation on the information contained in the Diary, and we regard the small expense involved as a splendid investment.

Yours very truly,

H. K. Dayton

Assistant Treasurer.

One of many appreciative letters received from subscribers

NATIONAL ASSOCIATION OF CREDIT MEN

Please enter my order for one copy of the Credit Man's Diary for 1920, the price of which is $8.00, delivered.

Name ....

Firm Name ....

Address ....

Date .... Shipped ....

The only book published by the National Association of Credit Men. It helps to answer those questions as to the rights and obligations of creditors and debtors in the various states that constantly thrust themselves into credit and collection work.

Directory of Credit Interchange Bureaus Conducted by Local Associations of Credit Men Which Have Advised the National Office That They Are Complying with the Rules Adopted by the National Directors

Alabama, Birmingham, R. H. Eggleston, Mgr., 321-323 Chamber of Commerce.
Alabama, Montgomery, J. M. Holloway, Mgr., 81 Vandiver Bldg.
District of Columbia, Washington, R. Preston Shealey, Mgr., 726 Colorado Bldg.
Florida, Jacksonville, Frank Dupre, 905 Bisbee Bldg.
Georgia, Atlanta, A. G. Smith, Mgr., 304 Chamber of Commerce Bldg.
*Georgia, Augusta, H M. Oliver, Mgr., 6 Campbell Bldg.
Georgia, Macon, A. F. McGhee, Mgr., Room 15, Jaques Bldg.
Idaho, Boise, D. J. A. Dirks, Mgr., Boise City National Bank Bldg.
*Illinois, Chicago, F. E. Alexander, Mgr., 10 South La Salle St.
*Indiana, Evansville, H. W. Voss, Mgr., Furniture Exchange Bldg.
*Iowa, Des Moines, Central Iowa Credit Interchange Bureau, Don E. Nieman, 421 Fleming Bldg.
*Iowa, Sioux City, A. P. Soelberg, Mgr., 601 Trimble Bldg.
*Kansas, Wichita, M. E. Garrison, Mgr., 1009 Beacon Bldg.
*Kentucky, Louisville, Chas. D. Divine, Mgr., U. S. Trust Bldg.
*Louisiana, New Orleans, T. J. Bartlette, Mgr., 698 Canal Louisiana Bank Bldg.
Maryland, Baltimore, Ira L. Morningstar, Mgr., 100 Hopkins Place.
Massachusetts, Boston, H. A. Whiting, Secretary, 77 Summer St.
*Michigan, Detroit, A. D. Beaman, Mgr., Miss M. Oppenheimer, Ass't Mgr., 622 Farwell Bldg.
*Michigan, Grand Rapids, Walter H. Brooks, Mgr., 308 Michigan Trust Bldg.
*Minnesota, Duluth (also Superior), Duluth Jobbers' Credit Bureau, Inc., E. G. Robie, Mgr., 415 Lonsdale Bldg.
*Minnesota, Minneapolis, N. W. Jobbers' Credit Bureau, J. P. Galbraith, Mgr., 241 Endicott Bldg., St. Paul, Minn.
*Minnesota, St. Paul, N. W. Jobbers' Credit Bureau, J. P. Galbraith, Mgr., 241 Endicott Bldg.
*Missouri, Kansas City, C. H. Woodworth, Mgr., 303-7 New England Bldg.
*Missouri, St. Louis, W. J. Burton, Mgr., 510 Locust St.
*Montana, Billings, H. C. Stringham, Mgr., Electric Bldg.
Nebraska, Omaha, E. E. Closson, Mgr., 320 Bee Bldg.
New Jersey, Newark, F. B. Broughton, Mgr., 519 Kinney Bldg.
*New York, Buffalo, Harry G. Phillips, Mgr., 1001 Mutual Life Bldg.
*New York, Syracuse, Central New York Credit and Adjustment Bureau, Inc., C. A. Butler, Mgr., 611 Vinney Bldg.
*Ohio, Cincinnati, E. C. Brunst, Mgr., 1503 Union Trust Bldg.
*Ohio, Cleveland, D. W. Cauley, Mgr., 326 Engineers' Bldg.
Ohio, Columbus, Chas. B. Cranston, 410 New First National Bank Bldg.
*Ohio, Toledo, F. A. Brown, Mgr., 723 Nicholas Bldg.
*Oklahoma, Oklahoma City, Eugene Miller, Mgr., 625 Insurance Bldg.
Pennsylvania, Allentown, Lehigh Valley Association of Credit Men, J. H. J. Reinhard, Mgr., 402 Hunsicker Bldg.
*Pennsylvania, New Castle, Roy M. Jamison, Mgr., 332 Safe Deposit & Trust Co. Bldg.
*Pennsylvania, Philadelphia, Ashton L. Worrall, Mgr., 1011 Chestnut St.
Pennsylvania, Pittsburgh, A. C. Bunce, Mgr., 1213 Chamber of Commerce Bldg.
*Tennessee, Chattanooga, J. H. McCallum, Mgr., Hamilton National Bank Bldg.
*Tennessee, Nashville, 803 Stahlman Bldg.
Texas, Austin, Mrs. R. L. Bewley, Mgr., P. O. Box 1075.
Texas, San Antonio, H. A. Hirshberg, Mgr., Chamber of Commerce.
*Utah, Salt Lake City, Walter Wright, Mgr., 1411 Walker Bank Bldg.
Virginia, Lynchburg, John H. Davis, Mgr., c. o. Craddock Terry Co.
Virginia, Norfolk, Shelton N. Woodard, Mgr., P. O. Box 852.
Virginia, Richmond, G. N. Schuman, Mgr., 1214 East Main St.
*Washington, Seattle, J. L. Baldwin, Mgr., Polson Bldg.
Washington, Tacoma, W. W. Keyes, Mgr., 803 Tacoma Bldg.
West Virginia, Clarksburg, Central W. Va. Credit and Adjustment Bureau, U. R. Hoffman, Mgr., 410 Union Bank Bldg.
*West Virginia, Huntington, Tri-State Credit and Adjustment Bureau, Inc., E. V. Townshend, Mgr., 705 First National Bank Bldg.
Wisconsin, Green Bay, J. V. Rorer, Mgr., 212 Bellin-Buchanan Bldg.
*Wisconsin, Milwaukee, James G. Romer, Mgr., 605 Mayer Bldg.
Central Credit Interchange Bureau, St. Louis, Mo., W. J. Burton Mgr., 510 Locust St.

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*Interchange Bureau Participating in Central Bureau.